



6450-01-P

DEPARTMENT OF ENERGY

Western Area Power Administration

Proposed Olmsted Project Rate Order No. WAPA-177

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of Proposed Power Formula Rate.

SUMMARY: The United States Department of Energy, Western Area Power Administration (WAPA), Colorado River Storage Project Management Center (CRSP MC), is proposing a new power formula rate for the Olmsted Hydroelectric Powerplant Replacement Project (Olmsted).

There is no existing rate for Olmsted; therefore, the CRSP MC is proposing a new formula, under Rate Schedule Olmsted F-1, that will be used to determine the annual energy charge.

WAPA will provide a brochure detailing information about the proposed formula rate prior to the public information forum and will post it to the Olmsted rate action Web site at

<https://www.wapa.gov/regions/CRSP/rates/Pages/rate-order-177.aspx>. If approved, the proposed formula rate under Rate Schedule Olmsted F-1 would become effective on April 1, 2018, and remain in effect through March 31, 2023, or until superseded. Publication of this *Federal Register* notice begins the formal process for the proposed formula rate.

DATES: The consultation and comment period will begin [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*] and end [INSERT DATE 90 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]. WAPA will present a detailed explanation about the proposed rate at a public information forum on November 17, 2017, at 10 a.m. MDT in Salt Lake City, Utah. WAPA will accept oral and written comments at a public comment forum on November 17, 2017, immediately following the conclusion of the

public information forum. WAPA will accept written comments any time during the 90-day consultation and comment period.

ADDRESSES: The public information forum and the public comment forum will be held at the new Colorado River Storage Project Management Center, Western Area Power Administration, 299 South Main Street, Suite 200, Salt Lake City, UT 84111. Written comments and requests to be informed about the Federal Energy Regulatory Commission's (FERC) actions concerning the rates submitted by WAPA to FERC for approval should be sent to: Ms. Lynn C. Jeka, CRSP Manager, Colorado River Storage Project Management Center, Western Area Power Administration, 150 East Social Hall Avenue, Suite 300, Salt Lake City, UT 84111, e-mail jeka@wapa.gov. The Colorado River Storage Project Management Center is scheduled to relocate to the new address in October 2017. WAPA will post the new mailing address and the date of the move, as well as information about the rate process, on WAPA's Web site at <https://www.wapa.gov/regions/CRSP/rates/Pages/rate-order-177.aspx>.

WAPA will post official comments received via letter and e-mail to this Web site after the close of the comment period. Written comments must be received by the end of the consultation and comment period to be considered in WAPA's decision process. Access to WAPA's facility is controlled; therefore, any U.S. citizen wanting to attend these forums must present an official form of picture identification such as a U.S. driver's license, U.S. passport, U.S. Government ID, or U.S. Military ID at the time of the forums. Foreign nationals planning to attend should contact WAPA 30 days in advance of the forums to allow sufficient time to arrange admittance.

FOR FURTHER INFORMATION CONTACT: Mr. Thomas Hackett, CRSP Rates Manager, Colorado River Storage Project Management Center, Western Area Power Administration, 150 East Social Hall Avenue, Suite 300, Salt Lake City, UT 84111, (801) 524-5503 or e-mail

hackett@wapa.gov.

SUPPLEMENTARY INFORMATION:

The existing Olmsted Powerplant, located in northern Utah, is over 100 years old and was acquired from PacifiCorp in condemnation proceedings by the United States in 1990. As part of the condemnation proceedings, PacifiCorp continued Olmsted operations until 2015 after which time the operation of the facility became the responsibility of the Department of the Interior. As agreed upon in an implementation agreement executed February 4, 2015, among the Central Utah Water Conservancy District (District); Department of the Interior (Interior), Bureau of Reclamation (Reclamation); and WAPA, the District is currently constructing a replacement facility for power generation and will operate and maintain the Olmsted facilities in connection with its Central Utah Project operations.

Non-reimbursable funding for Olmsted has largely been contributed by the District, Interior, and the Upper Basin States. Funds available under Section 5(c) of the Colorado River Storage Project Act were made available for Olmsted, and these funds are considered a reimbursable Federal investment to be repaid by power revenues. Interior will continue to own the Olmsted Powerplant, and commercial operation is anticipated to begin July 1, 2018. WAPA will market an energy-only product as no capacity will be available to market from Olmsted. Power production will be non-dispatchable and incidental to the delivery of water. It is expected that annual energy production will average approximately 27,000,000 kWh per year.

It is proposed that each customer which receives an allocation from Olmsted will pay its proportional share of the amortized portion of the reimbursable investment in Olmsted, with interest, and the associated operation, maintenance, and replacement (OM&R) costs in return for its proportional share of total marketable energy production. This repayment schedule does not

depend upon the energy made available for sale or the amount of generation each year.

Customers are to pay reimbursable investment as well as the OM&R costs of Olmsted and, in return, will receive all of the energy produced. Each fiscal year (FY) WAPA will estimate the Olmsted expenses by preparing a power repayment study, which will include estimates of the reimbursable investment costs, including interest, and OM&R.

To date, all investments are accounted for as Construction in Progress (CIP) costs and have not been transferred to plant accounts for capitalization. Once transferred, an amortization schedule will be calculated for repayment. Historical financial data are only available through FY 2016, and projections are based on the FY 2019 Reclamation and WAPA work plans received in April 2017 as indicated in Table 1. WAPA will post updates to these projections on the Web site as data become available.

Table 1 - Actual & Projected Investment and OM&R Costs Requiring Repayment

FY	2015	2016	2017	2018	2019	2020	2021	2022
Reimbursable CIP		\$5,800,000						
Olmsted O&M	\$160,000	\$10,000	\$10,000	\$10,000	\$140,000	\$751,300	\$561,352	\$281,800
WAPA O&M			\$9,500	\$10,000	\$10,500	\$11,000	\$11,000	\$11,500
FY Totals	\$160,000	\$5,810,000	\$19,500	\$20,000	\$150,500	\$762,300	\$572,352	\$293,300

WAPA will provide the Olmsted power customers with the initial installment information at least 30 days prior to initiation of service. Service is expected to begin July 1, 2018, or as soon as Olmsted is declared commercially operable. The FY 2018 annual installment will include all actual and projected OM&R costs requiring repayment through FY 2018 in addition to amortized payments on capital investments plus interest. The FY 2018 installment amount will be divided by the number of months of service, which is anticipated to be 3 months. Thereafter, the annual

installment amount, in 12 monthly payments, will be established in advance by WAPA and submitted to the Olmsted power customers on or before August 31 prior to the new FY.

The calculation of the annual installment will include adjustments between estimated and actual costs included in preceding installments. If costs in the preceding installment are underestimated, an amount equal to the difference will be added to the next annual installment. Conversely, if costs in the preceding installment are overestimated, the amount would be deducted from the next installment.

Legal Authority

The proposed formula rate constitutes a major rate adjustment as defined by 10 CFR 903.2(e); therefore, WAPA will hold both a public information forum and a public comment forum for this formula rate proposal under 10 CFR 903.15 and 903.16. WAPA will review all timely public comments and will make amendments or adjustments to the proposal, as appropriate. The final formula rate will be forwarded to the Deputy Secretary of Energy for approval on an interim basis.

WAPA is establishing an electric service formula rate for Olmsted under the DOE Organization Act (42 U.S.C. 7152); the Reclamation Act of 1902 (ch. 1093, 32 Stat. 388), as amended and supplemented by subsequent laws, particularly section 9(c) of the Reclamation Project Act of 1939 (43 U.S.C. 485h(c)); the CRSP Act of 1956 (43 U.S.C. 620); and other acts that specifically apply to the project involved.

By Delegation Order No. 00-037.00B, effective November 19, 2016, the Secretary of Energy delegated: (1) the authority to develop power and transmission rates to WAPA's Administrator, (2) the authority to confirm, approve, and place such rates into effect on an interim basis to the Deputy Secretary of Energy, and (3) the authority to confirm, approve, and place into effect on a

final basis, to remand, or to disapprove such rates to FERC. Existing DOE procedures for public participation in power rate adjustments (10 CFR 903) were published on September 18, 1985 (50 FR 87835).

Availability of Information

All studies, comments, letters, memorandums, or other documents that WAPA initiates or uses to develop the proposed rates are available for inspection and copying at the Colorado River Storage Project Management Center, Western Area Power Administration, 150 East Social Hall Avenue, Suite 300, Salt Lake City, UT. WAPA is scheduled to relocate to a new address in October 2017. In addition to being available at the new address, WAPA will post information about the rate process on WAPA's Web site at <https://www.wapa.gov/regions/CRSP/rates/Pages/rate-order-177.aspx>.

RATEMAKING PROCEDURE REQUIREMENTS

Environmental Compliance

The U.S. Department of the Interior, Central Utah Project Completion Act Office, and the Central Utah Water Conservancy District completed an Environmental Assessment (EA) on the Olmsted Hydroelectric Powerplant Replacement Project. These agencies issued a Finding Of No Significant Impact (FONSI) on the EA. This action was signed January 16, 2015. WAPA adopted the EA and FONSI for its action of marketing the output from the Olmsted Powerplant. This rate action is an action included as part of marketing of the Olmsted Powerplant generation.

Determination Under Executive Order 12866

WAPA has an exemption from centralized regulatory review under Executive Order 12866.

Accordingly, no clearance of this notice by the Office of Management and Budget is required.

Dated: September 5, 2017.

Mark A. Gabriel,
Administrator.

[FR Doc. 2017-21936 Filed: 10/11/2017 8:45 am; Publication Date: 10/12/2017]